

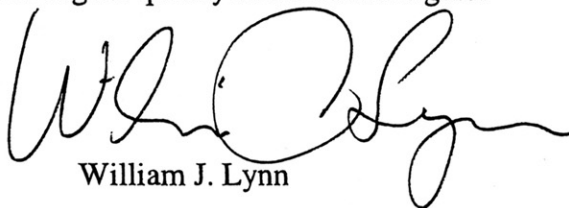
## Statement of the Under Secretary of Defense (Comptroller)

This third annual Department of Defense (DoD) "Financial Management Improvement Plan" continues to build upon the strategies developed in the first two annual Plans for achieving a comprehensive and effective financial management structure.

The focus of the first Plan, in 1998, was to establish, for the first time, a concept of operations describing how the Department plans to manage its future financial management operations to better meet the Department's financial information needs. The second Plan, in 1999, emphasized the impact on financial management of the Department's critical feeder systems--systems that provide the majority of the Department's financial transaction data. The Plan also identified interim strategies that the Department is pursuing to compensate for systems limitations that have hampered the Department's ability to achieve more favorable audit opinions on its financial statements.

The 2000 Plan identifies a "Financial and Feeder Systems Compliance Process" that has been put in place to oversee and monitor progress on actions taken to ensure better that both financial and feeder systems meet federal financial management requirements. During this past year, the DoD Components were asked to evaluate their critical feeder systems and migratory finance and accounting systems for compliance with federal financial management requirements. For those systems that were evaluated as noncompliant, the DoD Components were asked to develop remediation plans that (1) incorporated corrective actions with intermediate target dates, including statements of objectives and performance measures, (2) identified the individual responsible for implementing the corrective actions, and (3) estimated the cost to complete those corrective actions. Data from those remediation plans were used to develop this year's Plan and establish a "baseline" for monitoring progress in order to comply with federal financial management systems requirements and accounting standards.

The current Plan also describes steps that the Department is taking to develop professionally its current--and its next generation--financial management workforce. While the Department's current financial management workforce is well qualified and highly motivated, its future workforce must be even better qualified. The Enhanced Defense Financial Management Training described in the Plan sets a new standard to ensure that the Department continues to develop even higher quality financial managers.



William J. Lynn